Immunocept, LLC, et al v. Fulbright & Jaworski Doc. 82

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**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IMMUNOCEPT, LLC, PATRICE ANNE LEE, and JAMES REESE MATSON,
Plaintiffs,

-vs- **Case No. A-05-CA-334-SS**

FULBRIGHT & JAWORSKI, LLP,
Defendant.

ORDER

BE IT REMEMBERED on the 20th day of March 2006, the Court reviewed the file in the above-styled cause, and specifically, Plaintiffs' Motion to Compel Testimony of Sarah Brashears [#18]. Having considered the motion, the response, the reply, the supplemental response, and the ex parte affidavit of Sarah Brashears, the Court enters the following opinion and order.

Background

This is a legal malpractice case involving allegations of negligence in the prosecution of a patent for a medical device. Generally, Plaintiffs contend their former patent counsel, Defendant Fulbright & Jaworski, LLP ("Fulbright"), breached the duty of care it owed them by assigning the duty of prosecuting their patent to an inexperienced attorney, Sarah Brashears, who inadvertently, yet drastically, limited the scope of the claims in the patent, causing them to suffer economic damages.

In the course of investigating the allegations in this suit, Brashears was contacted by David Beck, Rodney Caldwell, and Geoff Gannaway, counsel for Fulbright, as well as Tom Paul, a partner

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at Fulbright, regarding the prosecution of the patent at issue in this case. During a deposition taken by Plaintiffs in this matter, Brashears declined to testify about the substance of these conversations on the basis of attorney-client and work-product privilege objections asserted by Fulbright. Plaintiffs move for an order overruling Fulbright's privilege objections and compelling Brashears to testify concerning the substance of these conversations.

In support of its motion, Plaintiff makes three arguments: (1) the attorney-client privilege does not cover communications with former employees under Texas law; (2) the work-product privilege does not extend to former employees; and (3) Fulbright waived the privilege by allowing other witnesses to testify to the substance of these conversations. Fulbright, on the other hand, contends that Plaintiffs motion necessarily fails on procedural grounds because: (1) it was filed in the wrong court; and (2) "reasonable notice" was not provided to Brashears pursuant to Rule 37 of the Federal Rules of Civil Procedure. In addition, Fulbright contends that former employees are in fact covered by both the attorney-client and work-product privileges and that no waiver occurred in this case. The Court begins by taking up Fulbright's procedural objections.

Discussion

I. Procedural Objections to Plaintiffs' Motion to Compel

Fulbright first argues that Plaintiffs' motion is improper because Rule 37 requires that an application for an order compelling disclosure or discovery from a non-party be made "to the court in the district where the discovery is being, or is to be, taken." FED. R. CIV. P. 37(a)(1). Because the subpoena for Brashears's deposition was issued by the District Court for the Northern District of California, Fulbright argues this Court is not the appropriate forum for the relief sought by Plaintiffs.

Relatedly, Fulbright contends Plaintiffs' motion is procedurally defective because it did not provide a separate notice to Brashears when it filed the motion with the Court. *See* FED. R. CIV. P. 37(a) ("A party, *upon reasonable notice to* other parties and *all persons affected thereby*, may apply for an order compelling disclosure or discovery") (emphasis added).

In response to both arguments, Plaintiffs clarify that the relief they seek is not an order requiring Brashears to do anything, but rather, an order overruling Fulbright's privilege objections. Because the basis of Brashears's refusal to testify is grounded entirely in Fulbright's assertion of the privilege, Plaintiffs contend a determination of the scope of the privilege claimed by Fulbright is likely to resolve the dispute over Brashears's refusal to testify entirely,[1] and is a question best resolved by this Court.[2] After all, Fulbright is subject to this Court's jurisdiction and the privilege question here requires the resolution of a question of Texas law.

The Court agrees with the analysis of Plaintiffs and overrules Fulbright's procedural objections. Although the Court has no authority to compel Brashears's testimony outright, it has jurisdiction over Fulbright, which is the only party in interest when it comes to the assertion of the privilege at issue. In light of the fact that the privilege being asserted is based on communications made in the course of this litigation, and that the dispute over the scope of the privilege requires resolution of questions of Texas law, the Court holds Plaintiffs have filed their motion in the appropriate forum. Accordingly, the Court turns to consider the privilege questions raised by the parties on the merits.

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[1] There is no suggestion in this case that Brashears was asserting a privilege on her own behalf.

[2] Plaintiffs concede that if the Court were to overrule Fulbright's privilege objections and Brashears refused to testify concerning the issues raised here for some other reason, the Northern District of California would be the appropriate forum for such relief.

II. Whether the Attorney-Client or Work-Product Privileges Cover Communications With Former Employees

Brashears is not currently employed by Fulbright, and she has not been employed there for nearly ten years. Thus, her communications with Fulbright's counsel are privileged only if the attorney-client privilege or the work-product privilege may be extended to protect confidential communications made with former employees of a client. The parties agree that no Texas court has yet been called upon to resolve this question.

"The attorney-client privilege protects from disclosure confidential communications between a client and his or her attorney 'made for the purpose of facilitating the rendition of professional legal services to the client. . . .'" *Huie v. DeShazo*, 922 S.W.2d 920, 922 (Tex. 1996) (quoting TEX. R. EVID. 503(b)). The privilege covers confidential communications made between attorneys, their clients, and the representatives of each. TEX. R. EVID. 503(b)(1). The Supreme Court of Texas has held that "the purpose of the attorney-client privilege is to promote the unrestrained communication and contact between an attorney and client in all matters in which the attorney's professional advice or services are sought, without fear that these confidential communications will be disclosed . . ." *West v. Solito*, 563 S.W.2d 240, 245 (Tex. 1978).

Although no Texas court has held that communications with a former employee are covered by the attorney-client privilege, other jurisdictions have had the opportunity to weigh in on the issue. For instance, the Fourth Circuit, interpreting federal privilege law, held the attorney-client privilege should be extended to cover confidential communications with former employees when the communications are necessary to facilitate the rendition of legal services to the client. *See In re Allen*, 106 F.3d 582, 605–06 (4th Cir. 1997) (reasoning that "the privilege exists to protect not only the giving of professional advice to those who can act on it but also the giving of information to the lawyer to enable him to give sound and informed advice") (quoting *Upjohn Co. v. United States*, 449 U.S. 383, 390 (1981)). Similarly, the Ninth Circuit has applied the subject matter test adopted by the Supreme Court in *Upjohn* to communications with former employees. *See In re Coordinated Pretrial Proceedings*, 658 F.2d 1355, 1361 n.7 (9th Cir. 1981) ("Former employees, as well as current employees, may possess the relevant information needed by corporate counsel to advise the client with respect to actual or potential difficulties.").

The Court agrees with the reasoning in these cases and holds that the courts of Texas would likely reach the same conclusion. After all, there are situations in which the knowledge of a former employee is coextensive with the knowledge of the client. Cases interpreting Rule 30 of the Federal Rules of Civil Procedure acknowledge this fact by imposing the duty on a corporate client to obtain information from former employees in preparing a 30(b)(6) witness. *In re Vitamins Antitrust Litig.*, 216 F.R.D. 168, 173 (D.D.C. 2003). It would certainly be anomalous if Fulbright had the duty to communicate with Brashears to collect sufficient information to appropriately respond to Plaintiffs' discovery inquiries (on the theory that what she knew was what it, as an entity, knew), but then was unable to protect the substance of its and its counsel's communications with her.

In this case, it is undisputed that the communications between Brashears, on the one hand, and Paul, Beck, Gannaway, and Caldwell, on the other, all related to the facts Brashears became aware of while acting in the scope of her employment with Fulbright. Def.'s Resp. Mot. Compel, Ex. A ¶¶ 4–7. There also appears to be no question that Brashears was one of the few available sources of Fulbright's knowledge about what took place during the course of the prosecution of

Plaintiffs' patent. Under these circumstances, the Court holds that the attorney-client privilege protects Brashears's communications with Paul, Beck, Gannaway, and Caldwell.[3]

The Court further holds Plaintiffs' waiver argument is unavailing. Plaintiffs contend that Fulbright waived the privilege when it permitted Paul and its 30(b)(6) designee, Marc Delflache, to testify about the substance of Brashears's conversations with Paul. First, as to Paul, the record is clear that Fulbright permitted him to testify to the substance of his conversation with Brashears only after Plaintiffs' counsel agreed that such testimony would not constitute a waiver of the privilege. Def.'s Supp. Resp. Mot. Compel, Ex. C at 125–26. As to the testimony of Delflache, the record simply does not reflect that Delflache disclosed any of the substance of the communications Brashears had with Paul, Beck, Gannaway, and Caldwell. Pls.' Reply Def.'s Resp. Mot. Compel, Ex. B. Thus, no waiver could have occurred.

Because the Court holds the communications between Brashears and Paul, Beck, Gannaway, and Caldwell are entitled to attorney-client privilege protection, it need not reach the separate work-product inquiry.

Finally, the Court cannot help but point out that its own in camera inspection of the sealed, ex parte affidavit of Brashears indicates that the fight over this motion is much ado about nothing. The affidavit, which sets out the answers Brashears would have given at her deposition had she been permitted to break the privilege, contains nothing revelatory. Indeed, the only relevant facts it does contain were most likely disclosed in response to those of Plaintiffs' questions that did not target privileged communications.

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[3] The Court also notes that although Brashears was not sued in this lawsuit, if she had been, she could have pursued a joint defense, in which case her communications would have been even more clearly privileged. TEX. R. EVID. 503(b)(1)(c).

Conclusion

In accordance with the foregoing:

IT IS ORDERED that Plaintiffs' Motion to Compel Testimony of Sarah Brashears [#18] is DENIED.

SIGNED this the 20th day of March 2006.

SAM SPARKS
UNITED STATES DISTRICT JUDGE